

Message Text

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ACTION EB-08

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E.O. 11652: N/A
TAGS: ENRG, UK
SUBJECT: BRITISH OIL OUTPUT LAGS

REF: LONDON 10297 (NOTAL)

1. BEGIN SUMMARY: U.K. CRUDE OIL PRODUCTION WILL
PROBABLY TEND TOWARD THE BOTTOM OF THE 55-65 MILLION TON
RANGE FORECAST FOR 1978. THE PREDICTION OF NET OIL SELF-
SUFFICIENCY BY 1980 NOW APPEARS UNLIKELY TO BE REALIZED,
ALTHOUGH THAT TARGET IS STILL IN REACH FOR 1981. END
SUMMARY.

2. SLOW DELIVERY OF EQUIPMENT, CONSTRUCTION DELAYS,
UNEXPECTED TECHNICAL DIFFICULTIES, AND SOME UNFORTUNATE
DECISIONS ARE COMBINING TO SLOW BRITAIN'S CLIMB TO OIL
SELF-SUFFICIENCY. SOME OF THE ABOVE FACTORS, IN TURN,
HAVE RESULTED FROM LABOR DIFFICULTIES ONSHORE AND OFF-
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SHORE. IN 1977, THE OFFICIAL PROJECTION FOR 1978 OUTPUT
WAS 60-70 MILLION TONS (7.33 BARRELS PER TON). THIS
SPRING, THE RANGE WAS REVISED DOWNWARD TO 55-65 MILLION
TONS. NOW THE LOWER SPAN OF THIS RANGE SEEMS LIKELY.

3. THE THISTLE FIELD BEGAN PRODUCTION LATER THAN
EXPECTED. NINIAN WON'T BEGIN AT ALL THIS YEAR (LONDON

7442). PIPER AND CLAYMORE PRODUCTION BUILD-UP IS BEING SLOWED SOMEWHAT BY EQUIPMENT PROBLEMS. HEATHER, EARLIER EXPECTED TO BEGIN PRODUCTION IN THE FALL, IS UNLIKELY TO DO SO UNTIL 1979. THE SULLOM VOE OIL TERMINAL IN THE SHETLANDS HAS BEEN FURTHER DELAYED. CRUDE OIL SHIPMENTS CONCEIVABLY COULD BEGIN TO ARRIVE AT SULLOM VOE BY PIPE-LINE BEFORE YEAR-END IF GAS FLARING IS ALLOWED AT THE FIELDS. BUT COMPLETION OF THE TERMINAL'S HUGE GAS-SEPARATION FACILITY IS NOW SO FAR BEHIND THAT UNTREATED CRUDE CANNOT BE RECEIVED UNTIL MARCH, 1980 AT THE EARLIEST; MORE PROBABLY BY LATE 1980.

4. THE GOVERNMENT FACES SOME MAJOR DECISIONS. TWO OF BRITAIN'S THREE LARGEST OIL FIELDS, BRENT AND NINIAN, WILL SHIP THROUGH SULLOM VOE, AS WILL THISTLE, HUTTON, CORMORANT AND MURCHISON. SOME OF THE FIELDS HAVE OPTIONS: THISTLE AT LEAST HAS FACILITIES TO OFFLOAD TREATED CRUDE ONTO TANKERS. OTHERS DON'T: NINIAN WAS DESIGNED WITH NO SUCH ALTERNATIVE AND MUST USE THE PIPE-LINE TO SULLOM VOE. ONLY BRENT'S "B" PLATFORM HAS GAS REINJECTION EQUIPMENT. THUS EVEN TO COME CLOSE TO OIL SELF-SUFFICIENCY IN 1980, THE GOVERNMENT WILL HAVE TO ALLOW MASSIVE GAS FLARING ON THE PLATFORMS, SOMETHING IT DOES NOT WISH TO DO. ALTERNATELY, IT MIGHT REQUIRE THE INSTALLATION OF EXPENSIVE GAS REINJECTION FACILITIES ON OTHER PLATFORMS, BUT THIS WOULD ALSO DELAY PRODUCTION. LIMITED OFFICIAL USE

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5. OTHERWISE, THE BUILD-UP OF U.K.-SECTOR NORTH SEA CRUDE OIL PRODUCTION IS UNDER WAY. SLIGHTLY UNDER 100 MILLION TONS ANNUAL PRODUCTION, OR ABOUT 2 MILLION BARRELS PER DAY, WILL PROBABLY REPRESENT THE POINT AT WHICH BRITAIN WILL EXPORT AS MUCH OIL AS IT IMPORTS. DAILY PRODUCTION NOW AVERAGES 1.1 MILLION BARRELS (REFTTEL). NET SELF-SUFFICIENCY BY 1980, A PREDICTION ONCE FIRMLY GIVEN, MAY SOON QUIETLY BE DROPPED FOR 1981 OR EVEN "THE EARLY 1980'S", BUT NO MAJOR REVISION OF U.K. NORTH SEA PROSPECTS IS FORESEEN.

BREWSTER

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